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State of Utah

Department of
Natural Resources

Division of
Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

February 25, 2004

Mr. Stan Wagner
Ziegler Chemical and Mineral Corp.
Little Bonanza Operations
Star Route
Vernal, Utah 84078

Subject: Approval of Waste Rock and Fly Ash Disposal Amendment, Ziegler Chemical and Mineral, Ziegler Gilsonite Operation, M/047/013, Uintah County, Utah

Dear Mr. Wagner:

The Division has reviewed your proposal, received January 14, 2004, and supplemented with information received January 22, 2004, to use waste rock and fly ash to fill portions of the Cowboy Vein. The Division had some concerns about the possible effects of the fly ash on groundwater, but the laboratory TCLP analyses show that metals concentrations should not be elevated to a level where they are of concern. The pH levels in the water were high before the test, and they were raised to 9.50 after the TCLP procedure. Although this is very high, it is not significantly higher than the level in the naturally-occurring ground water.

The Division forwarded a copy of your proposal to the Division of Water Quality for review. A response was received February 20, 2004, stating that Water Quality has no concerns with the proposal given that fly ash would be placed above the best historically known water table.

Since the waste rock is native material from the mines, there should be little concern about putting it back into the trenches.

Your amendment is hereby approved with the condition that where fly ash is used, it must be placed above the level of the water table. Thank you for your cooperation in working to fill this trench and to take care of an environmental and safety concern.

Stan Wagner
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The Division encourages Ziegler to begin working more diligently to reclaim sites that will no longer be used for mining. As you do this and have these sites released, it is possible to either have your bond reduced or for the Division to allow you to disturb areas for the continued development of the mine. In addition, the earlier the sites are revegetated, the fewer weed problems there will be and the easier revegetation will be. Ideally, a site should be reclaimed almost immediately after its usefulness is complete.

If you have any questions about this approval or this recommendation, please call me at 801-538-5286 or Paul Baker at 801-538-5261.

Sincerely,

A handwritten signature in black ink, reading "D. Wayne Hedberg". The signature is fluid and cursive, with a long horizontal stroke extending from the end.

D. Wayne Hedberg, Permit Supervisor
Minerals Regulatory Program

DWH:PB:jb
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CC: Stan Perkes. BLM UT State office
Pete Sokolosky - BLM Vernal